



Senate

General Assembly

February Session, 2018

File No. 273

Senate Bill No. 276

Senate, April 5, 2018

The Committee on Public Safety and Security reported through SEN. LARSON of the 3rd Dist. and SEN. GUGLIELMO of the 35th Dist., Chairpersons of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING OFF-TRACK BETTING FACILITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-571 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2018*):

3 (a) The Commissioner of Consumer Protection shall enter into
4 negotiations with a person or business organization for the award of a
5 contract of sale of the off-track betting system including, but not
6 limited to, the assets and liabilities of the system and the right to
7 operate the system. Such contract of sale shall authorize the purchaser
8 of the system to establish and conduct a system of off-track betting on
9 races held within or without the state pursuant to the provisions of this
10 chapter. All proceeds derived from such sale shall be deposited as
11 provided in section 39 of public act 93-332. Until the effective date of
12 transfer of ownership of the off-track betting system, the commissioner
13 shall establish and conduct systems of off-track betting on races held
14 within or without the state pursuant to the provisions of this chapter. It

15 is hereby declared that off-track betting on races conducted under the
16 administration or regulatory authority of the department in the
17 manner and subject to the conditions of this chapter shall be lawful
18 notwithstanding the provisions of any other law, general, special or
19 municipal, including any law prohibiting or restricting lotteries,
20 bookmaking or any other kind of gambling, it being the purpose of this
21 chapter to derive from such betting, as authorized by this chapter, a
22 reasonable revenue for the support of state government and to prevent
23 and curb unlawful bookmaking and illegal betting on races.

24 (b) Until the effective date of transfer of ownership of the off-track
25 betting system, the commissioner shall adopt rules and regulations,
26 consistent with this chapter, establishing and governing the permitted
27 method or methods of operation of the system of off-track betting.

28 (c) For the purposes of this section, the effective date of transfer of
29 ownership of the off-track betting system was June 30, 1993.

30 Sec. 2. (NEW) (*Effective October 1, 2018*) (a) For the purposes of this
31 section, "advance deposit wagers" means off-track betting wagers on
32 racing events by means of telephone or other electronic means.

33 (b) No person or business organization, other than the authorized
34 operator of the off-track betting system, shall conduct off-track betting
35 in the state or accept off-track betting wagers or advance deposit
36 wagers originating or placed from within the boundaries of the state.
37 Any person or business organization that violates the provisions of this
38 subsection shall be subject to the penalty for professional gambling, as
39 provided in subsection (b) of section 53-278b of the general statutes,
40 and for transmission of gambling information, as provided in
41 subsection (a) of section 53-278d of the general statutes.

42 (c) No person shall place off-track betting wagers or advance
43 deposit wagers from within the boundaries of the state with any
44 person or business organization other than with the authorized
45 operator of the off-track betting system. Any person who violates the
46 provisions of this subsection shall be subject to the penalty for

47 gambling, as provided in subsection (a) of section 53-278b of the
48 general statutes, and for transmission of gambling information, as
49 provided in subsection (a) of section 53-278d of the general statutes.

50 Sec. 3. Section 53-278f of the general statutes is repealed and the
51 following is substituted in lieu thereof (*Effective October 1, 2018*):

52 (a) Any person who has been convicted of a violation of subsection
53 (b) of section 53-278b, subsection (d) of section 53-278c, subsection (a)
54 of section 53-278d, [or] subsection (d) of section 53-278e, subsection (b)
55 of section 2 of this act or any statute predecessor thereto may, upon
56 any subsequent violation of said subsections, be prosecuted as a
57 persistent offender and on conviction may be subjected to the penalty
58 of the next most serious classification of offense, provided it shall be an
59 affirmative defense to the charge of being a persistent offender under
60 this section if the defendant was pardoned on the ground of innocence
61 with respect to the prior conviction on which the state is relying.

62 (b) Any person who knowingly continues to participate in conduct
63 constituting an alleged violation of subsection (b) of section 53-278b,
64 subsection (d) of section 53-278c, subsection (a) of section 53-278d,
65 subsection (d) of section 53-278e or subsection (b) of section 2 of this
66 act, after receiving an instruction or order from a state official to cease
67 and desist from such conduct, may be prosecuted as a persistent
68 offender and may be subjected to the penalty of the next most serious
69 classification of offense.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2018</i>	12-571
Sec. 2	<i>October 1, 2018</i>	New section
Sec. 3	<i>October 1, 2018</i>	53-278f

PS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Resources of the General Fund	GF - Potential Revenue Gain	850,000 -1.7 million	1.1 million - 2.3 million
Judicial Dept. (Probation)	GF - Potential Cost	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill prohibits and criminalizes unauthorized off-track betting (OTB) and advance deposit wagers (ADWs) in Connecticut. To the extent this result in OTB bets and ADWs being placed with Connecticut operators, this results in a revenue gain of \$850,000 to \$1.7 million in FY 19 (partial year) and \$1.1 million to \$2.3 million in FY 20 and annually thereafter.¹

The new offenses for off-track betting violations and increases in penalties for persistent offenders also result in a potential cost for violations that lead to a probation sentence. On average, the marginal

¹ This is based on information from the Oregon Racing Commission indicating that approximately \$3.7 billion in wagers were placed there in 2017; based on a per capita analysis it is assumed that approximately \$65.2 million is attributable to Connecticut residents.

cost for supervision in the community is less than \$700² each year.

In addition, the bill results in potential revenue gain from new and increased fines. The current fines, which are increased in the bill for persistent offenders, resulted in total fine revenue of \$1,421 from four offenses in FY 17.

The Out Years

The annualized ongoing potential cost identified above would continue into the future subject to inflation. The annualized ongoing revenue impacts identified above would remain static into the future.

Sources: Oregon Racing Commission Hub information

² Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.

OLR Bill Analysis**SB 276*****AN ACT CONCERNING OFF-TRACK BETTING FACILITIES.*****SUMMARY**

This bill specifically prohibits and criminalizes (1) any unauthorized person or business from conducting off-track betting (OTB) or accepting OTB wagers or advance deposit wagers (ADWs) in Connecticut and (2) anyone in Connecticut who places OTB wagers or ADWs with any unauthorized person or business. ADW means OTB wagers on racing events using a telephone or other electronic means.

Under the bill, those who accept unauthorized OTB wagers are subject to the penalty for professional gambling, which is a class A misdemeanor (punishable by up to one year imprisonment, up to a \$2,000 fine, or both). While those who place unauthorized OTB wagers are subject to the penalty for gambling, which is a class B misdemeanor (punishable by up to six months imprisonment, up to a \$1,000 fine, or both). In addition to these penalties, both are subject to the penalty for transmitting gambling information, which is a class A misdemeanor.

For subsequent violations, the bill allows those who have been convicted of accepting unauthorized OTB wagers to be prosecuted as a persistent offender. By law, a persistent offender is subject to the penalty of the next serious classification of the offense (e.g., class A misdemeanor to class F felony). By law and under the bill, it is an affirmative defense to being charged as a persistent offender if the defendant was pardoned on the ground of innocence.

The bill allows violators of certain gambling acts to be prosecuted as persistent offenders if they continue the illegal act after receiving an instruction or order from a state official to cease and desist from such act. These illegal gambling acts are (1) accepting unauthorized OTB

wagers; (2) engaging in professional gambling (CGS § 53-278b(b)); (3) owning, manufacturing, or using gambling devices (CGS § 53-278c(d)); (4) transmitting gambling information (CGS § 53-278d(a)); and (4) maintaining or allowing a gambling premise (CGS § 53-278e(d)).

The bill also makes a technical change.

EFFECTIVE DATE: October 1, 2018, except July 1, 2018 for the technical change.

BACKGROUND

OTB Facilities

Existing law authorizes up to 24 OTB facilities around the state. The state currently has 16 such facilities with 15 specified in statute which are located in Bridgeport, Bristol, East Haven, Hartford, Manchester, Milford, New Britain, New Haven, New London, Norwalk, Putnam, Torrington, Waterbury, Windham, and Windsor Locks. In addition to these facilities, Stamford operates an OTB facility as one of the unspecified locations authorized by law (CGS § 12-571a(b)).

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable

Yea 15 Nay 10 (03/16/2018)